

[Translation]

**Subsidy on Fertilizers**

1572. SHRI JAGAT VIR SINGH DRONA : Will the Minister of AGRICULTURE be pleased to state :

(a) whether the Government have decided to review the Retention Price Scheme for the purpose of increasing production of fertilizers and reducing the subsidy on the imported fertilizers and propose to constitute a high level committee in this regard;

(b) if so, whether the committee has been constituted;

(c) if so, the date of its constitution alongwith the terms of reference and composition; and

(d) the time by which the report is likely to be presented by the committee?

THE MINISTER OF AGRICULTURE (EXCLUDING THE DEPARTMENT OF ANIMAL HUSBANDRY AND DAIRYING) (SHRI CHATURANAN MISHRA) : (a) Yes, Sir.

(b) and (c) A Committee has been constituted on 28.1.1997 and the composition of the committee is as follows:

1.	Prof. C.H. Hanumantha Rao, Former Member, Planning Commission	Chairman
2.	Prof. G.S. Bhalla, Agri-Economist	Member
3.	Shri P.B. Krishnaswamy, Former Secretary, Deptt. of Fertilizers	Member
4.	Chairman, BICP (Ex-Officio)	Member
5.	Shri O.N. Kapur, C&MD, Projects & Dev. India Ltd.	Member
6.	Smt. Kanta Ahuja, Economist, Jaipur	Member
7.	Executive Director, FICC (Ex-Officio)	Member-Secretary

The terms of reference are attached in the enclosed Statement.

(d) The Committee is required to submit its recommendations within a period of six months.

**Statement**

The terms of reference of the Committee are as follows :

- (i) To review the working of the Retention Price Scheme (RPS) for fertilizers and to make suggestions for correcting the deficiencies of the system, keeping in view the broad objectives of economic reforms. The Committee may also suggest an alternative methodology which should be broad based, scientific and transparent.
- (ii) To review the adequacy or other-wise of incentives to the industry. Issues relating to reasonableness

of return on networth, norms of capacity utilisation, depreciation etc.

- (iii) To suggest appropriate capital norms and debt equity ratio in respect of new fertilizer projects.
- (iv) To review the input pricing policy and its impact on the RPS.
- (v) To review the system of equated freight and recommend measures to rationalise it, including minimisation of cross country movement to reduce leads.
- (vi) To suggest measures to improve the cohesiveness of the policies in respect of the controlled and decontrolled segments of the fertilizer industry, especially the policies impinging on the availability of fertilizers and the relative pricing of controlled and de-controlled fertilizers with a view to achieving an agronomically desirable NPK consumption ratio, while keeping the fertilizer subsidy at a reasonable level.
- (vii) Any other item that may be considered appropriate.

[English]

**Impact of Increased Price on Free Sale Sugar**

1573. SHRI PRADIP BHATTACHARYA : Will the Minister of FOOD be pleased to state :

(a) whether the increase in price of sugar for PDS is going to affect price of sugar in open free sale sugar as well;

(b) if so, whether the Government have drawn any scheme to make the price of sugar for PDS as well as for free sale at par to curb blackmarketing by PDS owners;

(c) if so, the details thereof; and

(d) if not, the reasons therefor ?

THE MINISTER OF FOOD AND MINISTER OF CIVIL SUPPLIES, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (SHRI DEVENDRA PRASAD YADAV) : (a) In view of the sufficient availability of sugar in the country, it is unlikely that the increase in the retail issue price of levy sugar to Rs. 10.50 per kg. w.e.f. 10.2.1997, may have any adverse effect on the free-sale sugar price.

(b) Under the sugar policy of partial control with a dual pricing mechanism, it is not contemplated to draw a scheme whereby the retail issue price of levy sugar and that of free sale sugar are at the same level. By judicious releases of sugar every month for free sale the prices of free sale sugar are kept at a level which is affordable to the consumers and at the same time ensures adequate realisation to sugar factories to enable them to pay the dues of sugarcane farmers.

(c) and (d) Do not arise.